

**Commonwealth Edison Co.**  
**Response to Request for Comments**  
**October 6, 2008**

Commonwealth Edison Company (“ComEd” or “Company”) appreciates the opportunity to comment on the questions posed in the Request for Comments to the Office of Retail Market Development dated August 28, 2008 (“ORMD Request”). ComEd has supported steadfastly customer choice since the passage of the 1997 Restructuring Act. While the ComEd customer switching reports on file with the Illinois Commerce Commission (“Commission”) demonstrate that as of August 2008, approximately 50 percent of all delivered energy in the ComEd service territory is provided by Retail Electric Suppliers (“RESs”), they also evidence the fact that switching in the mass market (*i.e.*, residential and small commercial customers) has lagged behind considerably in large part due to below-market frozen rates. Thus, the efforts of the newly formed ORMD in this area of the market are greatly appreciated.

Most of the questions posed in the ORMD Request pertain directly to the development of the mass market. Those seeking to gain entry into the mass market (*i.e.*, RESs), as well as those seeking to ensure an orderly transition to competition for this segment (*i.e.*, consumer advocates) are in the best position to respond to those questions. Therefore, ComEd will defer comment on some topics, and may provide additional responses during the reply phase. Indeed, this comment process established by the ORMD Request will provide needed insight into the views and needs of RESs and consumer advocates that will inform ComEd’s own views.

Before addressing any specific aspects of the ORMD Request, ComEd notes that it is clear that IT and business processes will need modifications as a result of SB 1299. As in any undertaking concerning multiple systems and business processes, the timing and determination of available resources to implement changes are challenging for all parties. A phased-in approach will help to mitigate risks involving such changes.

ComEd’s responses to specific items are as follows:

**Section 1**

**Part I**

1. With respect to retail choice and referral programs, anticipated benefits include:
  - Creates a structured forum for customers to choose alternative suppliers with clear customer discounts
  - Potentially lower acquisition costs for RESs
  - Increased awareness of available market options
  - RESs may generate new products and services for customers

2. With respect to retail choice and referral programs, concerns include:
  - Customer confusion with programs, contract terms and perceptions of “slamming”
  - Potential for increased costs on “back end” of contract terms
  - Dispute resolution processes and responsibilities
  - Expense of creating “introductory” offers that may have short shelf life
3. With respect to important characteristics of retail choice and referral programs, these include:
  - Well designed, orchestrated and supported education program
  - Clear communications to customers from RES and Commission
  - Ownership of programs by RESs (not utilities)
  - Results in actually enabling the market (*e.g.*, increasing volumes of switching, high customer satisfaction)
  - Multiple RESs offering services
  - Positive effects on customer satisfaction

## **Part II**

1. With respect to the desirability of three suggested legislative programs described in SB 1299:
  - Fixed discount program: This type of program may be preferred by customers that want to get involved with electric choice. Any discount program should be operated by the RESs without involving the host utility, thereby reducing costs to implement and increasing speed to market. In essence, this sort of program seemingly could be implemented by the RESs today.
  - Phone referrals (new or existing customers): These options could have a significant impact on “kick-starting” the market, but may also cause unintended consequences. Referrals from a utility to a third party may give the appearance of utility ownership, backing or endorsement. Further, utility costs for call handling and revising telephony systems would increase. In addition, the Commission may undertake a greater role to help handle such references in addition to, or in lieu of, the utility. Therefore, a strong education and communications program is required.

## **Part III**

1. With respect to a preferred cost recovery mechanism for customer choice and referral programs, ComEd notes that a rider mechanism would be appropriate as costs will likely be incurred between rate cases. Full and timely cost recovery should be the goal of state policy in this area, as such expenses should not be allowed to detract from efforts to provide safe and reliable distribution service.

## **Section 2**

### **Part I**

1. With respect to whether the General Assembly should appropriate money to the Commission for expenses incurred for consumer education programs, ComEd agrees that Section 16-117 of the PUA (220 ILCS 5/16-117) is the appropriate funding source for such programs.
3. With respect to the role of the Commission in consumer education programs, ComEd believes that the Commission's involvement in any consumer education program should be guided by the benefits the Commission seeks to gain from the specific programs under consideration. If a financial need is determined, the Commission will likely need to work with the General Assembly to obtain funds. Overall, the workshop participants should all be involved with the development of any such outreach efforts. ComEd supports a strong education and communications program.

### **Part IV**

1. With respect to whether the Commission should generally grant ARES requests for confidential treatment of annual call center reports, ComEd has no opinion on whether the Commission should grant such approvals as they already have been addressed in the Illinois Administrative Code.
3. With respect to the sufficiency of existing periodic reporting requirements, ComEd believes that RES growth estimates for mass market customers may be beneficial to the Company's planning.

### **Part V**

1. With respect to whether the PUA allow for programs similar to what is offered in Pennsylvania, ComEd believes that Illinois law would not seem to allow for such programs.
2. With respect to whether Section 16-122 of the PUA allows for the release customer data for electric customers as provided in the Commission's Order in Docket No. 07-0241/0242, Illinois law does not seem to allow for such data to be released.

In closing, ComEd stands ready to assist in the development of the mass market in any manner the Commission and the General Assembly deem appropriate, including the development of referral programs.

ComEd appreciates the attention taken to this matter in the ORMD Request and looks forward to reviewing the various responses.